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Note verbale dated 6 August 2010 from the Permanent Mission of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Chairman of the Committee

The Permanent Mission of the United Kingdom to the United Nations has the honour to transmit herewith its report pursuant to paragraph 31 of resolution 1929 (2010) on the steps taken by the Government of the United Kingdom to implement paragraphs 7 to 19 and 21 to 24 of that resolution (see annex).

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Annex to the note verbale dated 6 August 2010 from the Permanent Mission of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Chairman of the Committee

Report by the United Kingdom on implementation of Security Council resolution 1929 (2010)

Introduction

1. The relevant sections of the present report contain details on how the United Kingdom has implemented the measures in paragraphs 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23 and 24 of Security Council resolution 1929 (2010) within the United Kingdom's legal and administrative structure. The responsible Government department in the United Kingdom, the Foreign and Commonwealth Office, has ensured that details of individuals and entities designated with respect to these measures are transmitted to appropriate Government departments and posts overseas.

Assets freeze and financial vigilance

2. Her Majesty's Treasury is responsible for implementing financial sanctions within the United Kingdom. The financial sanctions element of United Nations Security Council resolution 1737 (2006) is implemented in the European Union under Council Regulation (EC) No. 423/2007, which has direct legal effect in the United Kingdom. The Security Council decided in its resolution 1929 (2010) that various asset freezing measures in Security Council resolution 1737 (2006) should apply to various individuals and entities listed in annexes I to III of resolution 1929 (2010). Such individuals and entities are subject to the asset freezing provisions of Council Regulation No. 423/2007, which provides for the freezing of funds, other financial assets and economic resources of those individuals and entities listed by the Security Council or by the sanctions committee in accordance with paragraph 12 of Security Council resolution 1737 (2006).

3. Individuals and entities listed for the purposes of Council Regulation No. 423/2007 are designated persons for the purposes of the Iran (European Community Financial Sanctions) Regulations 2007, the United Kingdom's domestic statutory instrument. This provides for:

(a) Criminal penalties, including for any breaches which take place in respect of dealing with the funds of, or making funds available to, designated persons within the United Kingdom and/or by United Kingdom citizens; and

(b) Licences to be granted by Her Majesty's Treasury as the United Kingdom's competent authority to allow funds, other financial assets or economic resources to be dealt with or made available, consistent with the provisions set out in Security Council resolution 1737 (2006), including in relation to exemptions.

4. Her Majesty's Treasury publicizes information on financial sanctions on its website and also through an alert system that updates approximately 8,000 subscribers. This assists financial institutions and others in freezing the funds and economic resources of listed persons and entities to ensure compliance with the obligations set out in Security Council resolution 1737 (2006).

5. Her Majesty's Treasury issued an advisory to businesses on the financial elements of Security Council resolution 1929 (2010), with particular focus on the call to exercise vigilance over the activities of financial institutions with banks domiciled in Iran and their branches and subsidiaries abroad.

6. The Financial Services Authority regulates the financial services industry in the United Kingdom and will be taking an active approach to ensuring that firms have systems and controls in place to comply with Security Council resolutions 1737 (2006) and 1929 (2010).

Travel ban

7. The United Kingdom is exercising vigilance and restraint in respect of entry to, or transit through, the United Kingdom by individuals listed in annexes I, II and III of Security Council resolution 1929 (2010). United Kingdom Border Agency staff are instructed to refuse those individuals entry to or transit through the United Kingdom.

8. The United Kingdom complies with Security Council resolutions that impose restrictive travel measures through their inclusion in the Immigration (Designation of Travel Bans) Order 2000. This Order is made under section 8B of the Immigration Act 1971 and was laid before Parliament. It came into force on 10 October 2000. It is regularly amended to update the list of travel bans included in the schedule to the Order. Details of those individuals subject to a travel ban are also included in the appropriate United Kingdom watch list.

9. The effect of the 2000 Order is that a person named by or described in an instrument designated by the Order becomes an excluded person and must be refused leave to enter or remain in the United Kingdom, unless a specific exemption has been approved. It also provides for the automatic cancellation of any existing permission to stay in the United Kingdom.

10. Pending designation under the 2000 Order, the United Kingdom relies on powers contained within domestic legislation to deny entry to, or transit through, the United Kingdom of those subject to a travel ban on the grounds that their exclusion from the United Kingdom would be conducive to the public good.

Exports

11. The Export Control Order 2008 controls exports of all military items from the United Kingdom to Iran as well as trade in arms to Iran from third countries to the extent that United Kingdom companies or nationals are involved.

12. European Council Regulation (EC) No. 1110/2008 already controls the provision of technical and financial assistance to Iran in respect of all military items (in the context of a range of measures designed to implement Security Council resolution 1803 (2008)).

13. It is anticipated that a forthcoming European Council regulation will be adopted in order to implement the remaining export control-related provisions of Security Council resolution 1929 (2010) that fall within European Community competence (see below for a detailed explanation of European Union measures).

Enforcement

14. Her Majesty's Revenue and Customs continues to enforce existing prohibitions on the export of military and proliferation items and enforce the United Kingdom's export licensing system on dual-use goods and technology. This will include goods that are in transit or being trans-shipped through the United Kingdom. Her Majesty's Revenue and Customs is also alert to the risk of controlled goods being exported to known diversionary destinations and, on the basis of good quality information, will intercept goods that are likely to be illegally diverted to Iran.

15. As part of its enforcement responsibilities, Her Majesty's Revenue and Customs also continues to enforce end-use control. Where goods are suspected of requiring export licences from the Department for Business, Innovation and Skills, the consignment will be stopped and, depending on the circumstances of the case, enforcement action taken, which may include seizure.

16. Her Majesty's Revenue and Customs also enforces the prohibition on trafficking and brokering controls in relation to military goods both originating in and destined for Iran where the trade activity is undertaken within the United Kingdom or by a United Kingdom national anywhere in the world.

United Kingdom overseas territories

17. In the United Kingdom overseas territories the direct export controls required by overseas territories in relation to Iran are already in place under the Export of Goods, Transfer of Technology and Provision of Technical Assistance (Control) (Overseas Territories) Order 2004.

18. Upon adoption of the forthcoming European Union regulation, the United Kingdom will update the Iran (United Nations Measures) (Overseas Territories) Order 2007 so that all measures agreed pursuant to Security Council resolution 1929 (2010) are covered in the overseas territories. The Order covers all United Kingdom overseas territories with the exception of Gibraltar, which will be covered by the European Council regulation.

Measures jointly implemented with the European Union

19. The United Kingdom and the other member States of the European Union have jointly implemented the restrictive measures against Iran imposed by Security Council resolution 1929 (2010) by taking the following common measures.[1]

Council Decision 2010/413/CFSP of 26 July 2010

20. The Council Decision sets out the European Union's commitment to implementation of all the measures contained in Security Council resolution 1929 (2010), and provides the basis for European Union specific accompanying measures within the scope of the resolution, notably:

- An export ban on certain other items, in addition to those determined by the sanctions committee, which could contribute to Iran's nuclear-related programme or other programmes related to weapons of mass destruction.

[1] All common measures are published in the *Official Journal of the European Union*, available from http://eur-lex.europa.eu.

- Autonomous designations under the visa ban and the asset freeze, to be decided by the Council of the European Union, of persons and entities involved in proliferation-sensitive nuclear activities or in violations of Security Council resolutions, of individuals and entities of the Islamic Revolutionary Guard Corps and of the Islamic Republic of Iran Shipping Lines and its subsidiaries.

- Enhanced vigilance over the activities of financial institutions within the jurisdiction of European Union member States with banks and financial entities linked to Iran, notably through a prior authorization regime for all transactions above a certain amount.

- Prohibition to open new branches and subsidiaries of Iranian banks in the European Union and to establish new banking relationships with Iranian banks.

- Prohibition to provide insurance and re-insurance to Iranian entities.

- Prohibition of the sale, purchase and brokering of Government bonds.

- Measures in the transport sector concerning the prohibition for Iranian cargo flights to have access to European Union airports and the prohibition to provide engineering and maintenance services to Iranian cargo flights.

Council Implementing Regulation (EU) No. 668/2010 of 26 July 2010 implementing Article 7(2) of Regulation (EC) No. 423/2007 concerning restrictive measures against Iran

21. In addition to Council Decision 2010/413/CFSP, the Council adopted Implementing Regulation (EU) No. 668/2010 implementing Article 7(2) of Regulation (EC) No. 423/2007 concerning restrictive measures against Iran, in order to legally enforce the asset freeze for the new European Union autonomous designations of persons and entities.

Council regulation amending Council Regulation (EC) No. 423/2007 on restrictive measures against Iran

22. The Council will adopt in the near future a Council regulation amending Council Regulation (EC) No. 423/2007 in order to implement the measures provided for in Council Decision 2010/413/CFSP that fall under the competence of the European Union.

Commission Regulation (EU) No. 532/2010 of 18 June 2010

23. Commission Regulation (EU) No. 532/2010 amends Council Regulation (EC) No. 423/2007 by including the persons and entities designated by the Security Council on 9 June 2010 in the list of persons, entities and bodies subject to the asset freeze, as set out in annex IV to that Council Regulation.

24. Council Regulation (EC) No. 423/2007 is binding in its entirety and directly applicable in all member States of the European Union.[2] The Regulation requires member States to determine the penalties applicable to infringement of its provisions. The penalties determined by the United Kingdom are set out in the Export Control (Iran) Order 2007, as amended.

[2] Council Regulation (EC) No. 539/2001 applies neither to Ireland nor to the United Kingdom.